

Renewable Energy Tax Incentives

The information contained in this fact sheet is current as of the date of publication and is intended only as general information. It does not cover every aspect of this incentive. Not all possible applications of this program are discussed. This fact sheet does not alter or supersede any administrative regulations or rulings issued by the Department.

Contact Information

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Helpful links

General Tax Information
<http://dor.wa.gov>

Tax Incentives

Visit our web site dor.wa.gov, under "Quick Clicks" select "Tax Incentive Programs."

Retail Sales Tax Exemption for Renewable Energy Production Equipment

Expires 7/1/2009

This program provides an exemption from retail sales tax and use tax to individuals, businesses, and local government entities on the purchase or lease of machinery and equipment used directly in generating electricity using fuel cells, wind, landfill gas, or solar energy as the principal source of power. (See new program enacted under ESSB 6170 on page 2.)

Lower B&O Tax Rate for Manufacturing Biofuel

Expires 7/1/2009

Persons who manufacture biofuel are subject to the business and occupation (B&O) tax at the rate of .138%. The general manufacturing rate is .484%.

Retail Sales Tax Exemption for Solar Hot Water Equipment

Expires 7/1/2009

The program provides a retail sales tax and use tax exemption for OG-300 rated solar water heating systems, OG-100 rated solar water heating collectors, solar heat exchangers, differential solar controllers, replacement parts for such equipment, and services for installing, repairing, cleaning, altering and improving such equipment.

Property Tax Exemption for Biodiesel Fuel Manufacturers

Expires 12/31/2009

The program provides a six year property tax and leasehold excise tax exemption for real and personal property used primarily for manufacturing alcohol, biodiesel or wood biomass fuels. Qualifying property includes buildings constructed since July 2003, machinery and equipment, and other personal property and land associated with the manufacture of these products.

B&O Tax Credit for Energy-Efficient Commercial Appliances

Expires 7/1/2010

The program provides a B&O tax credit for purchases of certain commercial appliances that are rated energy efficient by the Consortium for Energy Efficiency or the Energy Star Program. The amount of the credit is equal to 8.8 percent of the purchase price. Qualifying appliances include commercial freezers and refrigerators, high efficiency commercial clothes washers, commercial ice makers, commercial full-sized gas convection ovens with interior measurements of six cubic feet or larger, commercial deep fat fryers, and commercial hot food holding cabinets.

Lower B&O Tax Rate for Manufacturers of Solar Energy Systems & Components

Expires 6/30/2014

Expanded in 2009 - ESSB 6170 (Part V) Persons who manufacture, process for hire, or make wholesale sales of solar energy systems using photovoltaic modules or silicon components of these systems are subject to business and occupation (B&O) tax rate at the rate of .2904%. The general manufacturing rate is .484%.

Consumer Generated Power (Public Utility Tax Credit)

Expires 6/30/2015

Expanded in 2009 - ESSB 6170 (Part V) Individuals, businesses, and local government entities that are not in the light and power business or gas distribution business are eligible for payments up to \$5,000 from the light and power business that serves them for the generation of electricity by a qualified renewable energy system. A light and power businesses participating in the program can offset amounts paid to customers by taking a credit against its public utility tax liability.

B&O Tax Deduction for Sales of Biodiesel & E85 Fuel

Expires 7/1/2015

When computing the business and occupation tax, income received from the sale of biodiesel fuel, including the biodiesel fuel portion of a blend, and the sale of E85 alcohol fuel may be deducted from gross income.

Retail Sales Tax Exemption for Equipment Used to Sell Biodiesel & E85 Fuel

Expires 7/1/2015

The purchase of machinery and equipment and the construction of facilities used directly for the retail sale of biofuel and biofuel blends are exempt from retail sales tax and use tax. In addition, the purchase of fuel delivery vehicles and labor and service charges related to such vehicles is exempt from retail sales tax and use tax provided 75% of the fuel distributed by them is biofuel and biofuel blends.

Retail Sales Tax Exemption for Livestock Nutrient Management Equipment & Facilities

No Expiration

The program provides a limited sales and use tax exemption for purchases of certain services and tangible personal property related to the maintenance of livestock and dairy nutrient management equipment and facilities. Exempt purchases include services provided for operating, repairing, cleaning, altering, or improving existing livestock nutrient management equipment and facilities, and tangible personal property that becomes an ingredient or component of such facilities.

Retail Sales Tax Exemption for Anaerobic Digesters

No Expiration

The program provides a retail sales tax and use tax exemption for businesses establishing or operating anaerobic digesters that are used primarily to treat livestock manure. Exempt purchases include charges for installing, constructing, repairing, cleaning, altering, or improving the anaerobic digester and purchases of tangible personal property that becomes an ingredient or component of the anaerobic digester.

Waste Vegetable Oil Retail Sales Tax & Special Fuels Exemption

No Expiration

The program provides exemptions from sales tax, use tax and special fuel tax for waste vegetable oil used to produce biodiesel fuel for personal use. Waste vegetable oil is used cooking oil gathered from restaurants or commercial food processors.

Retail Sales Tax Exemption

For Hog Fuel Used to Produce Electricity, Steam, Heat or Biofuel

Expires 6/30/2013

A sales and use tax exemption is provided for hog fuel used to produce electricity, steam, heat, or biofuel. Hog fuel is defined as wood waste and other wood residuals including forest derived biomass.

Retail Sales Tax Exemption for Forest Derived Biomass

Expires 6/30/2013

A sales and use tax exemption is provided for the sale of forest derived biomass used to produce electricity, steam, heat, or biofuel.

B&O Tax Credit for the Sale of Forest Derived Biomass Used to Produce Electricity, Steam, Heat or Biofuel

Expires 6/30/2015

A B&O credit is provided for harvesters of forest derived biomass sold or used for production of electricity, steam, heat, or biofuel as follows:

- From July 1, 2010, through June 30, 2013, \$3 per harvested green ton.
- From July 1, 2013, through June 30, 2015, \$5 per harvested green ton.

New Programs

**Enacted Under ESSB 6170
(2009 Legislative Session)**

Retail Sales Tax Exemption/ Remittance

For Renewable Energy Production Equipment

Expires 6/30/2013

A sales and use tax exemption is allowed for sales tax paid on machinery and equipment used to create energy from fuel cells, sun, wind, biomass energy, tidal and wave energy, geothermal resources, anaerobic digestion, and technology that converts otherwise lost energy from exhaust or landfill gas.

Beginning on July 1, 2009, through June 30, 2011, the exemption amount is 100 percent. Beginning on July 1, 2011, through June 30, 2013, the amount of the exemption is equal to 75 percent of the state and local sales tax paid. The purchaser is eligible for an exemption under this subsection (1)(c) in the form of a remittance.